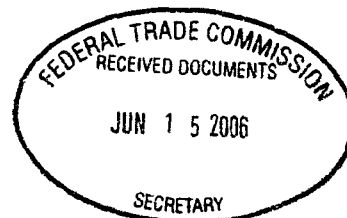


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Carolyn C. (Lynn) Leonard
Independent XanGo™ Representative # [REDACTED]
[REDACTED]



RE: Business Opportunity Rule, R511993

Dear Sir:

As a psychotherapist in private practice who is also an Independent Representative associated with XanGo, LLC, I am writing in response to the proposed New Business Opportunity Rule R511993. Sadly, not all network marketing distributors are personally ethical and there are also a few unethical companies. Therefore I fully understand and applaud the FTC's concern for consumers who might fall prey to such individuals and/or companies. Such unethical practices harm not only customers but all who are involved in network marketing. To me, the crucial issue seems to be one of affording protection to consumers without trampling upon network marketers and free trade. Regrettably, this Rule, if passed in its present form and without revisions, would place an undue hardship upon me and others who labor honestly in the field of network marketing and are associated with stellar companies such as XanGo, LLC whose principals are known and applauded for their high standards and adherence to ethical practices.

At the present time in our nation's economy I feel that every effort must be made to carefully balance the protection of both consumers AND agents of free trade such as network marketers. The unethical actions of a small minority must not be permitted to engender precipitous FTC actions that are punitive to the vast majority of honest network marketers. Care must be taken to achieve a judicious balance between consumer protection and the hallmark of American business, the commitment to free trade and the wisdom of the marketplace. This balance seems especially important given the number of viable small businesses the Network Marketing Industry generates. Paul Zane Pilzer (*New York Times* bestselling author) provides these facts in his 2006 book, *The Next Millionaires*: "[T]here are approximately 15 million who are network marketers in business for themselves in all 50 states in the US. . . . In 2004 network marketing generated \$30 billion in sales. Seventy-five percent (75%) of US citizens have purchased goods/services via direct sales. . . . Nearly half (45%) say they want to buy from direct sellers. . . . In 2004 there was \$3.8 Billion in sales in the health supplement sector of network marketing"—the sector in which XanGo, LLC's representatives by themselves have generated over \$500 Million in sales since opening for business in November 2002. Thus XanGo, LLC and its independent representatives—owners of their own businesses— have indeed made a significant contribution to the GNP of our nation.

Before expressing my views on each item of R511993 (See page 3), I would like to introduce myself so that you have a context within which to evaluate my comments. Having earned the Master of Counseling degree from Arizona State University in 1972, I later played an instrumental role in establishing a private, non-profit agency, The Foundation for Senior Living, Inc. under the auspices of the Diocese of Phoenix. We provided a continuum of services that allowed older citizens to remain at home and avoid nursing home placement. In 1981 Multiple Sclerosis necessitated my retirement from such a demanding position. In 1986 I established my private practice as a psychotherapist, to the extent my health challenges permitted. I have been a solo practitioner for over 20 years. Then in late June 2004 I renewed an earlier interest in network marketing. My renewed interest was due to my remarkably positive response to the product I now market, XanGo™ Juice.

Mine is a story of how one product and one network marketing company—XanGo—changed my life from one of continuous pain to one of utter joy. In 1998 due to the combined effects of MS, Post-polio, a fall that re-herniated lumbar discs and shattered a spinal fusion, my physicians finally overcame my resistance to narcotic medication. By June 2004 my physician was prescribing 230 mg daily of MS Contain, an extended form of morphine sulfate. My elevated blood pressure was still uncontrolled by blood pressure medication and I also suffered severe gastric reflux disease. I began taking the whole-fruit purée of mangos teen (XanGo) on July 1, 2004. Within 5 months I was able to totally discontinue all narcotic medication. Previously unable to stand erect for 2 minutes or walk 100 feet, I can now stand erect, jitterbug and hit golf balls. My blood pressure now is 117/78 without blood pressure medication and the gastric reflux condition is a thing of the past, having become a non-issue within the first week of use with this product. All who know me are amazed at the change in me. Do I believe in this product? Absolutely! Normally quite skeptical, I had been willing to try XanGo™ only after reading many of the more than 800 articles available at Pubmed.com that

detailed the effectiveness of the xanthonones in *garcinia mangostana*. I was impressed by what I read and by presentations I heard from a well-known physician in my area and by a woman who described her migraine history. Mangosteen's xanthonones in the whole-fruit puree of mangos teen had been able to do for her what none of her pharmacist husband's medications had ever achieved—an absence of migraines. She has now been without migraines nearly four years. Her CRP post-mangos teen fell from 7.8 to 0.8.

While my two previous experiences with network marketing companies were not positive ones, these experiences did provide valuable training. From these monetarily unproductive experiences I learned to do better research before affiliating myself with any company and its products. What I learned about XanGo—the product, the owners and the pay plan led me to believe that the \$35.00 one time fee was a genuine bargain. What did the \$35 buy me? The integrity, vision and expertise of the six founders who are exceptionally dedicated and committed to XanGo's success via its distributor network and the chance to develop a thriving international business of my own that will provide residual income for me and my heirs.

Sharing news about a product such as XanGo is a far different experience from selling jewelry. Today I feel a moral obligation to share with others the news about mangosteen and its xanthonones in the whole-fruit puree form that is unique to our patented product. In neither of my previous experiences did I earn any money. With XanGo, I have earned enough money beginning in the 3rd month to pay for my own product as well as have a nice amount left over each month—enough to provide a more comfortable semi-retirement. While my progress with XanGo is not as meteoric as is the case for thousands of other XanGo distributors, my little company, Naturally Best, is generating annualized sales that exceed \$111,000.00. Amazingly, I am rewarded financially for helping others to improve their health and wealth.

XanGo LLC is on target to become a \$1 Billion dollar company within the next year or two. It is no wonder that famous businessmen such as Warren Buffet, Robert Kyosaki and Paul Zane Pilsner have all endorsed network marketing as an excellent way to use time leverage to accomplish a viable, residual income in an era of globalization, corporate down-sizing and outsourcing. Network marketing makes a major contribution to our economy and should be encouraged and not hamstrung.

Here are my recommendations regarding modifications of RS11993:

7 Day Waiting Period: The proposed rule requires what is a de facto seven day waiting period for enrolling new distributors. In essence I and other distributors would have to make the same sale to any given individual on two separate occasions. While I do favor some of the modifications in this rule, I strongly oppose this particular modification. The burden it places on both the individual distributor and the company to document and follow up on the process is excessive and would impede the development of new business and would thus slow the movement of goods within the marketplace. The effect on the nation's economy would be quite negative. Because XanGo, LLC is a company with an international presence, the slowing of goods within the marketplace would extend well past the borders of the United States.

Earnings Disclosure: The proposed rule calls for provision of a "Earnings Claims Statement Required By Law" whenever any distributor or company makes a statement to a prospect whether in written or oral form, general or specific. Additionally, the distributor, if requested, would be required to provide written documentation that substantiates any earnings claims. I support the disclosure of average earnings claims. That is a sound business practice followed by my company and is part of our procedures. It makes sense to give prospects a realistic basis on which to establish their expectations. However, I do oppose being compelled to provide written substantiation. Doing so seems to place an excessive burden on me and my fellow distributors when the amount involved to become an independent XanGo representative is a mere \$35.00.

Previous Litigation: The proposed rule calls for disclosure of any information regarding prior litigation and civil or criminal legal actions involving misrepresentation, or unfair or deceptive practices, *even when the company or individual have been found innocent* (emphasis is mine.) Most of us decry our litigious society in which so many groundless lawsuits are filed by those who treat the courts as some sort of lottery. I propose the disclosure of only those lawsuits charging misrepresentation or unfair or deceptive practices only when the company and/or individual have been found guilty in a court of law. Defendants found not guilty should not be forced to disclose they had been wrongly accused. Even when parties agree to settle without an admission of guilt there should be no

requirement to disclose that such a suit was filed. In this situation there usually are public documents available, especially if a governmental agency was involved. This fact obviates the necessity of any further disclosure that is proposed.

Business References: I oppose the disclosure of the 10 business references nearest me. This requirement violates privacy and can serve to jeopardize business relationships. A request for disclosure of business references should be requested by the buyer. I support the availability of business references and believe this availability should, however, be noted on distributor enrollment forms or disclosure materials. Nor should the references be limited to those in nearest geographic proximity. In an era of the Internet, ones closest associates may not be nearest geographically.

Disclosure of Cancellation or Refund Policy: I totally support this policy which my company follows as do I.

Statistics on Refund and Cancellation Payments: I wholeheartedly support the disclosure of Refund and Cancellation when averaged out over a year. Such an average would provide the clearest and most fair indication of satisfaction among customers and independent representatives.

Network Marketing has truly come of age and today has earned respect from financial geniuses such as Warren Buffet who recently purchased the Pampered Palette, a network marketing operation. Blue chip companies such as IBM, Sprint and Citigroup utilize network marketing to move their products and/or services. Several network marketing companies are traded on the New York Stock Exchange—Prepaid Legal Services, Herbalife and Nu Skin to name but three.

I therefore urge the FTC and the Congress to be judicious with respect to R511993. In its present form R511993 goes much too far and fails to provide the delicate balance required for protecting both the consumer and the 13 million or more network marketers in the United States who are contributing so much to the US economy during the present period of transition from an Industrial to an Entrepreneurial Age. Fair trade treats both consumer and distributor equitably, not one at the expense of the other. I am confident the modifications I have recommended to R511993 will assist the FTC and Congress to be fair to all concerned.

Sincerely,

[REDACTED]
Carolyn C. (Lynn) Leonard
Independent XanGo Representative # [REDACTED]

PS: I sincerely hope you were able to read my full statement and not just my recommendation re R511993. My full statement provides essential information and thus context for my recommendations.

Other factors regarding network marketing appeal to me. I applaud the cooperative approach employed in network marketing. No network marketer can achieve without diligently assisting those whom they have sponsored to achieve as well. Also, I have seen many stay-at-home mothers supplement their family incomes while working from home. A third reason I enjoy network marketing is because of the personal growth this industry offers to all who participate. As a therapist, personal growth is something I value highly.

JON KYL
ARIZONA

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June 12, 2006

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FEDERAL TRADE COMMISSION
GEN. CONSUMER BRANCH

Mrs. Carolyn (Lynn) C. Leonard
1719 E. Gelding Drive
Phoenix, AZ 85022

Dear Mrs. Leonard:

Thank you for contacting my office with your concerns.

In an effort to be of help, I have taken the liberty of forwarding your correspondence to officials at the Federal Trade Commission to ask that your comments be given appropriate consideration as the agency decides how to proceed.

Please feel free to contact me if I may be of assistance with any other federal matters.

Sincerely,



JON KYL
United States Senator

JK:jb

cc: Federal Trade Commission